GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:5091
ANSWERED ON:25.08.2000
DEVELOPMENT OF ARTIFICIAL AND SYNTHETIC STONES
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government have any new project proposal and relaxation to boost the artificial diamond and synthetic stone industry in the country;

(b) if so, the details thereof;

(c) whether the Government have allocated more funds for the development of the artificial and synthetic stone industry;

(d) if so, the details thereof, for the last three years, state-wise and the FDI generated in this industry during the above period;

(e) whether India`s share in world export is far low from its potential; and

(f) if so, the measures taken by the Government to enhance the export of artificial diamonds and synthetic stones from India indicating the details of exports during the last three years in terms of quantity and value?

Answer

MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

(a) to (f): Any new project proposal is examined on merits keeping in mind the requirement of the trade, the growth potential and the prevailing economic conditions across the world. However, with a view to give a boost to the synthetic stone industry the concerned State Governments and the Union Territories have been requested to consider exempting the sale of synthetic gemstones from the levy of sales tax and other taxes like octroi etc. as has been done in the states of Tamil Nadu, Maharashtra and Gujarat. Some of the important measures taken by the Government in the last three years to give a boost to the exports of the artificial/synthetic stone industry include:

(i) Permission to Export Oriented Units (EOUs)/Export Processing Zone Units (EPZ) units to sell 10% of the value of their exports o the preceding year in Domestic Tariff Area (DTA) on payment of concessional rate of duty,

(ii) Permission for import of Capital Goods under Export Promotion Capital Goods (EPCG) Scheme at 5% customs duty subject to ar export obligation equivalent to 5 times CIF value of capital goods on FOB basis or 4 times the CIF value of capital goods on Net Foreign Exchange (NFE) basis to be fulfilled over a period of 8 years reckoned from the date of issuance of licence,
(iii) Permission for personal carriage of gems & jewellery export parcels by foreign bound passengers and personal carriage of gems & jewellery import parcels by an Indian importer/foreign national,
(iv) Permission for export of gems and jewellery items by courier from selected ports upto a value of Rs. 20 lakhs per consignment. With effect from 1st April, 2000 exports through speed post has also been permitted,
(v) Permission for duty free import of consumables required by the gems & jewellery industry to the extent of 1% of the FOB value of gems & jewellery exports in the preceding year and,
(vi) For Mangalsutras studded with synthetic gemstones, a lower value addition norm equal to plain jewellery has been prescribed.
Government of India have not allocated during the current financial year, any exclusive funds for the development of artificial and synthetic stone industry. However, grants-in-aid is given to the Gem and Jewellery Export Promotion Council, Mumbai for taking up promotional activities like holding of exhibitions within and outside the country, mounting of trade delegations, advertisement/publicity campaign etc. and also for running training institutes like Jewellery Product Development Centers (JPDCs) in Delhi, Mumabi and Jaipur and Indian Diamond Institute (IDI), Surat.Department of Commerce also gives direct grants-in-aid to IDI, Surat for running the institute. Recently Government have also given an in-principle approval for sharing 50% of the project cost of Rs. 4.8 crores of Advanced Jewellery Training Centre of IDI, Surat, subject to the balance of cost and escalations in the project cost beingmet by the Government of Gujarat. Details of grants-in-aid given to GJEPC and IDI by the Department of Commerce during the last three years are as given below:

(Value: in Rs. Lakhs)

Year	Grant Given by Department of Commerce to GJEPC	Grant given by Department of Commerce to IDI
1997-98	100.00	50.28
1998-99	100.00	34.36

1999-2000 120.00 6.46

There have been no Foreign Direct Investment (FDI) flows into the artificial diamond or synthetic stone industry in the last three years. As per the statistics provided by the GJEPC, the world demand for cut & polished artificial diamonds/synthetic stones is estimated to be around US $ 400 million. However India`s share in the world market is quite low.Details of the value of exports of cut and polished artificial diamonds/synthetic stones during the last three years are given below:

Year	Value in US $ Million
1997-98	2.34
1998-99	2.41
1999-2000	2.62

Source : Gem and Jewellery Export Promotion Council (GJEPC), Mumbai